

**E2SHB 1096** - S COMM AMD

By Committee on Economic Development, Trade & Innovation

1       Strike everything after the enacting clause and insert the  
2 following:

3       "NEW SECTION.   **Sec. 1.** A new section is added to chapter 43.19 RCW  
4 to read as follows:

5       (1) The legislature finds that it is in the state's economic  
6 interest and serves a public purpose to promote and facilitate the  
7 fullest possible participation by Washington businesses of all sizes in  
8 the process by which goods and services are purchased by the state.  
9 The legislature further finds that large businesses have the resources  
10 to participate fully and effectively in the state's purchasing system,  
11 and because of many factors, including economies of scale, the  
12 purchasing system tends to create a preference in favor of large  
13 businesses and to disadvantage small businesses. The legislature  
14 intends, therefore, to assist, to the maximum extent possible, small  
15 businesses to participate in order to enhance and preserve competitive  
16 enterprise and to ensure that small businesses have a fair opportunity  
17 to be awarded contracts or subcontracts for goods and services  
18 purchased by the state.

19       (2) Purchasing agencies must establish and implement a plan to  
20 increase the number of small businesses annually receiving state  
21 contracts for goods and services purchased by the state. The goal of  
22 the plan must be to have the number of small businesses receiving state  
23 contracts in 2012 be at least fifty percent higher, and in 2014 be at  
24 least one hundred percent higher, than the number of contracts awarded  
25 to small businesses in 2009.

26       (3) On July 1, 2011, and each July 1st thereafter, the department  
27 of general administration, in consultation with the department of  
28 information services and the department of transportation, shall report  
29 to the governor and the appropriate committees of the legislature on  
30 progress in carrying out the plan required by this section. Annual

1 reports must include information about progress in increasing the  
2 number of small businesses participating in state contracts, steps  
3 taken to meet the goals of the plan, and the characteristics of small  
4 businesses that are awarded contracts.

5 (4) As used in this section:

6 (a) "Purchasing agencies" are limited to the department of general  
7 administration, the department of information services, and the  
8 department of transportation.

9 (b) "In-state business" means a business that has its principal  
10 office located in Washington and its officers domiciled in Washington.

11 (c) "Small business" means an in-state business, including a sole  
12 proprietorship, corporation, partnership, or other legal entity, that:  
13 (i) Certifies, under penalty of perjury, that it is owned and operated  
14 independently from all other businesses and has either (A) fifty or  
15 fewer employees, or (B) a gross revenue of less than seven million  
16 dollars annually as reported on its federal income tax return or its  
17 return filed with the department of revenue over the previous three  
18 consecutive years; or (ii) is certified under chapter 39.19 RCW.

19 (5) This section expires July 1, 2015."

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20 On page 1, line 2 of the title, after "purchasing;" strike the  
21 remainder of the title and insert "adding a new section to chapter  
22 43.19 RCW; and providing an expiration date."

**EFFECT:** Replaces the small business preference program with a  
requirement to develop and implement a plan to increase the number of  
small businesses receiving state contracts. Using 2009 as the base  
year, contracts to small businesses are to be increased by fifty  
percent in 2012 and one hundred percent in 2014.

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